

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:5091
ANSWERED ON:11.05.2007
HIKE IN RATE OF INSURANCE PREMIUM
Chinta Mohan Dr. ;Suman Shri Ramji Lal

Will the Minister of FINANCE be pleased to state:

- (a) whether the Insurance Companies in India have increased the rate of insurance premium in the last six months;
- (b) if so, the facts thereof, sector-wise;
- (c) whether the said increase has been done after relaxation given to them by the Government;
- (d) the amount of profit earned by each of the insurance companies operating in India during 2005-06;
- (e) whether it is mandatory under law to have insurance in many sectors in India; and
- (f) if so, the details thereof?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL)

(a) (b) & (c): Tariff Advisory Committee (TAC) has notified the discontinuance of tariff in various classes of insurance business w.e.f. 1st January, 2007. Considering the mandatory nature of motor third party insurance and anticipating a steep hike in its premium due to high claim ratio, the IRDA by virtue of powers vested in the Authority under Section 14(2)(1) of IRDA Act, 1999 advised all non-life insurers to ensure that motor third party insurance cover is made available to all motor owners without any problem and prescribed a schedule of premium rates for motor third party liability cover for different types of vehicles. As regards other general insurance business, the insurers are given the freedom to fix the rates. The competition has by and large resulted in reduction of rates.

(d): The amount of net profit of all general insurers for the year 2005-06 is given below:

(Rs.in crores)

Name of Insurer	Profit	Name of Insurer	Profit	Name of Insurer	Profit
Royal Sundaram	8.63	Bajaj Allianz	51.56	New India	716.38
Tata AIG	13.60	Reliance	14.37	Oriental	283.92
IFFCO Tokio	14.62	ICICI Lombard	50.31	National	-106.25
Cholamandalam	-3.12	HDFC Chubb	4.41	United India	425.23

(e) & (f): IRDA has reported that third party liability insurance is compulsory under the Motor Vehicles Act 1988 for motor vehicles plying in public place. Liability insurance for storage, transportation and handling 'hazardous substances' as defined in the Environmental Protection Act is compulsory under the Public Liability Insurance Act 1991.